

## **Part 7**

# **Administration and Budget**

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### **Current Financial Crisis of the United Nations**

The UN's financial situation continued to deteriorate throughout 1997. By the end of the year, the United Nations was owed nearly \$2.1 billion on outstanding assessments for its regular budget, peacekeeping operations and the two International War Crimes Tribunals. Per UN records, the United States accounted for \$1.3 billion of the total amount owed.

In a presentation in September on the status of the UN's financial situation, UN Under Secretary General Joseph Connor indicated that the UN regular budget would have a cash deficit of \$272 million by the end of 1997, as compared to \$197 million 1 year earlier. The total cash available in the peacekeeping accounts was estimated to be \$670 million; however, because \$272 million would be required to finance the cash deficit in the regular budget, the true amount available at the end 1997 was estimated to be \$398 million. One year ago, the comparable level was \$677 million. Connor also indicated that, by the end of 1997, the total amount owed for reimbursements for peacekeeping troop and equipment costs would be about \$1,175 million. This figure takes into account estimated reimbursements totaling \$270 million during 1997.

The U.S. arrears situation continued to be a major point of discussion in the United Nations in 1997. U.S. draft legislation, which would have provided \$712 million in arrears funding for the United Nations, subject to achievement of certain reform benchmarks, was derailed in the Congress in November due to an extraneous issue involving international family planning. This last-minute action had a highly negative impact on U.S. credibility in the United Nations and likely played an important role in the U.S. failure to secure a reduction in the assessment ceiling rate for the UN regular budget. In addition to intensified criticism by other UN member states, the U.S. arrears situation also brought the United States closer to loss-of-vote in the General Assembly, per Article 19 of the UN Charter.

### **UN Budget**

On December 22, 1997, the UN General Assembly adopted by consensus resolution 52/221, the UN program budget for the 1998–1999 bien-

nium. As approved, the 1998–1999 UN budget of \$2,532,331,200 is within the maximum level urged by the United States (\$2,533,000,000) and reflects several reform measures proposed by the UN Secretary General under his so-called Track I and II initiatives. These include resources for the newly created position of Deputy Secretary General and the new development account in the UN regular budget. The latter is to be financed by redeployment of administrative and efficiency savings that are generated in other parts of the UN budget. For 1998–1999, approximately \$13 million is appropriated for the new account.

The 1998–1999 UN budget also reflects a new budgeting procedure which “nets out” from UN expenditures the costs of certain activities that are jointly financed by the United Nations and other UN entities. The activities include the Joint Inspection Unit, International Civil Service Commission, and conference and security services at the UN office in Vienna. The effect of the new net-budgeting procedure amounts to a reduction of approximately \$46 million in overall expenditures in the 1998–1999 UN budget.

The General Assembly also approved by consensus resolution 52/213, the revised budget level for the 1996–1997 biennium. The approved level of \$2,542,071,900 represents a decrease of \$61,209,000 from the previous revised level of \$2,603,280,900, as approved 1 year earlier. The decrease is primarily attributable to favorable exchange rates and savings in administrative costs. In accord with resolution 52/221, the General Assembly decided to apply the \$61,209,000 toward the financing of the budget for the 1998–1999 biennium, thus reducing the level of member assessments for this period. Overall, the 1996–1997 UN budget declined by approximately \$66.2 million over the course of the biennium. The initial level of \$2,608,274,000, as approved in December 1995, was reduced to \$2,603,280,900 a year later, and further reduced to \$2,542,071,900 in December 1997. The decline represents a significant reversal of the past trend of rising UN budgets.

## **Audit Reports**

The Board of Auditors (composed of auditors general from three member states) serves as external auditor for the United Nations and its separately administered funds and programs. The Fifth Committee considered the Board’s 1996 annual reports and financial statements on the Office of the UN High Commissioner for Refugees (UNHCR) and the UN Institute for Training and Research (UNITAR). The Chairman of the Board of Auditors, Sir John Bourn (United Kingdom), introduced the reports and, thereafter, the Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) expressed the views of the ACABQ on the reports of the Board. The U.S. Delegation expressed strong support for UNHCR’s efforts to implement the Board’s recommendations, which include examining the high cost for program delivery and administrative

support, improving the manner in which consultants are used and remedying the continuing failure of implementing partners to obtain audit certifications. In the case of UNITAR, the U.S. Delegation regretted that a strategy had not been developed to address satisfactorily the long-standing deficits in its special purpose grants.

On the recommendation of the Fifth Committee, the General Assembly on December 22 approved by consensus a resolution covering UNHCR, UNITAR and the report of the Secretary General on the implementation of the recommendations of the Board of Auditors. (Resolution 52/212.) The resolution, among other things, commends the work of the Board of Auditors, takes note of measures undertaken by UNITAR and UNHCR to implement auditors' recommendations, and recommends that UNHCR take steps to improve its procurement and consultant contracting practices. At the insistence of the U.S. Delegation, the resolution also requests that the Board further improve its reports by including short executive summaries, highlighted text boxes and more concise narrative. The resolution also endorses the request of the ACABQ to UNITAR and UNHCR to consider the implications of submitting biennial reports and reiterates its request that UNHCR comply fully with the UN system accounting standards.

The General Assembly endorsed the Fifth Committee's recommendation to reappoint the Comptroller and Auditor General of the United Kingdom to the Board of Auditors for a 3-year term. (Decision 52/310.) The issue of the term of office of Board members will be discussed at a resumed session of the Fifth Committee in the spring of 1998. The Board had favored 6 years to: (a) bring the period of appointment in line with the biennial budget cycle; (b) ensure a smooth transition with respect to rotating assignments; and (c) allow Board members adequate time to familiarize themselves with the audited organizations. With respect to the Board's term of office, the U.S. Delegation expressed support for a 6-year term limit.

## **Financing Peacekeeping Operations**

The year 1997 reflected a continued decline in the scope and costs of UN peacekeeping. The largest grouping of operations as to cost continues to be related to the implementation of the Dayton Accords. This included NATO responsibility for the military aspects of Bosnia and UN efforts on police reform and the peaceful reintegration of Eastern Slavonia into Croatia. Operations were completed in Liberia and in Guatemala. The operation in the Western Sahara was restructured and voter registration restarted as a result of the efforts of the Secretary General's Personal Envoy, former U.S. Secretary of State James Baker. The United States continued to press for reform of UN peacekeeping administration and financing in several related resolutions and for a reduction of the U.S. peacekeeping assessment rate to 25 percent.

The majority of the resolutions provided funding for operations approved in previous years. These were for the UN Disengagement Observer Force (UNDOF) on the Golan Heights (Resolution 50/20 B); UN Interim Force in Lebanon (UNIFIL) (Resolution 50/89 B); UN Observer Mission in Georgia (UNOMIG) (Resolutions 50/237 and 51/236); UN Observer Mission in Liberia (UNOMIL) (Resolution 51/3); UN Mission of Observers in Tajikistan (UNMOT) (Resolutions 50/238 and 51/237); UN Iraq/Kuwait Observer Mission (UNIKOM) (Resolutions 50/234 and 51/234); UN Peacekeeping Force in Cyprus (UNFICYP) (Resolutions 50/236 and 51/235); UN Preventive Deployment Force (UNPREDEP) (Resolutions 50/243 and 51/154); UN Peace Forces (UNPF) (Resolutions 50/235 and 51/12); the UN Mission for the Referendum in the Western Sahara (MINURSO) (Resolution 51/2); and UN Mission to Bosnia and Herzegovina (UNMIBH) (Resolutions 50/241 and 51/152), which funds the UN Mission of Observers in Prevlaka (UNMOP) and the International Police Task Force (IPTF). New operations approved for funding in 1997 include the UN Verification Mission in Guatemala (MINUGUA) (Resolution 51/228) and UN Observer Mission in Angola (MONUA) (Resolution 52/8) as the successor to the earlier mission in Angola. Both resolutions were adopted without a vote. Funding for the War Crimes Tribunals was approved for Rwanda through resolutions 50/213, 51/215 and 52/218 and for the former Yugoslavia through resolutions 50/212, 51/214 and 52/217. In the case of the Iraq/Kuwait border and Cyprus operations, the relevant resolutions continued the provisions established in 1993 for significant voluntary funding by the locally interested parties, i.e., Kuwait for UNIKOM and Greece and Cyprus for UNFICYP.

## **Scale of Assessments**

By its resolution 52/215 of December 22, the General Assembly adopted by consensus the UN regular budget scale of assessments for the 3-year period, 1998–2000. The scale retains the 25 percent ceiling rate and most of the elements of the existing scale methodology, with some variation in their application. These include:

- A 6-year base period, using Gross National Product (GNP) as the fundamental measure of capacity to pay;
- The introduction of three decimal places in the scale, as compared to the previous two. The action also reduces the floor rate to 0.001 percent from the previous 0.01 percent;
- A reduction in the gradient for low per-capita-income (PCI) from 85 percent to 80 percent;
- The alternating use of debt flow in 1998 and debt stock in 1999 and 2000 in the calculations of relief for external debt; and

- The introduction of a more precise formula for the phasing out of the scheme of limits over the course of the 1998–2000 scale period.

Section C of resolution 52/215 takes note of the intention of the Committee on Contributions to review all elements of the scale methodology, including the base period, currency conversion rates, the low-per-capita-income adjustment and annual recalculation of the scale. Such a review could address reform measures advocated by the United States and other UN member states, especially the members of the European Union, concerning the methodology underlying the UN regular budget scale of assessments. For example, in the U.S. scale proposal submitted in spring 1997 to the Fifth Committee, the United States called for several measures that would make the UN scale simpler and more equitable. In addition to gradually lowering the ceiling rate from 25 to 22 and then to 20 percent, the United States proposed the following adjustments: establishment of a 3-year base period with annual recalculation of GNP; elimination of relief granted for external debt; a reduction to 75 percent in the gradient for low PCI; and the exclusion of the permanent members of the Security Council from relief granted under the low PCI formula.

The key issue for the United States in the scale negotiations was the reduction in the ceiling rate from 25 percent to a lower level. In accord with draft legislation concerning the U.S. arrears funding bill (the “Helms-Biden” legislation), the United States sought a reduction in the ceiling rate to 22 percent in 1998 and a further reduction to 20 percent by the year 2000. The U.S. proposal was not accepted by the General Assembly, perhaps in part due to the failure of the United States to enact the arrears funding bill, per the Helms-Biden legislation. However, the General Assembly agreed to language in the scale resolution (Section D) that left open the possibility of revising the approved scale for the years 1999 and 2000, including the ceiling rate:

Decides without prejudice to rule 160 of the rules of procedure of the General Assembly to consider reviewing the scale for the years 1999–2000 during its resumed 52nd session, in the light of all relevant factors, including the periodic reports of the Secretary General on the status of contributions, and to make a determination in this respect early enough to refer this matter to the Committee on Contributions during the 52nd session of the General Assembly.

Some UN member states, especially the members of the European Union, indicated that any reopening of the scale negotiations would be contingent upon the U.S. ability to secure an acceptable funding package for payment of its UN arrears.

Concerning peacekeeping, the General Assembly took no action during the general debate to revise the UN’s *ad hoc* scale of assessments for peacekeeping operations, including the establishment of a maximum rate of 25 percent. Since October 1, 1995, the United States has been prohibited by domestic law from paying more than 25 percent toward the

assessed costs of UN peacekeeping operations. At the same time, the U.S. assessment rate under the UN's *ad hoc* scale has exceeded 30 percent. The difference in the respective rates has resulted in U.S. withholdings which, on a cumulative basis, now exceed \$250 million. Without action by the General Assembly in establishing a 25 percent maximum rate, the U.S. withholdings will continue to increase with each new assessment bill rendered by the United Nations.

## **Committee for Program and Coordination**

The Committee for Program and Coordination (CPC), with 34 members elected to regional seats, is the main subsidiary organ of the ECOSOC and the General Assembly for planning, programming and coordination. Its terms of reference are to review and recommend priorities among UN programs as defined in the medium-term plan, give guidance on translating legislation into programs, develop evaluation procedures, assess the results of current activities and the continuing validity of legislation, and make recommendations on the Secretary General's program budget outline. It also considers programs and activities of the UN system on a sector-by-sector basis to enable ECOSOC to ensure their compatibility and complementarity. During 1997 the CPC met in New York in regular session June 9–July 3 and a special resumed session October 13–17.

**Regular Session.** The main work was to consider whether the narrative of the proposed 1998–1999 program budget was consistent with the medium-term plan. It recommended approval of most sections but could not reach agreement on those for human rights, construction, public information and administrative services.

With respect to Office of Internal Oversight Services (OIOS) evaluation reports, the CPC commended the report on the statistics program, endorsed several recommendations in the report on the Department of Humanitarian Affairs, took note of the triennial review of social development programs, and took note of the report on UNEP and the UN office in Nairobi, while looking forward to full implementation of its recommendations.

The CPC took note of the Secretary General's note on the impact of reform on ECLAC. It also took note of the annual report of the Administrative Committee on Coordination (ACC) and urged that the ACC take the Secretary General's foreword on its role—e.g., in advancing reform, encouraging teamwork—as a guide for future activities. Also, it took note of reports on the System-wide Plan for African Recovery and Development and the Special Initiative on Africa, and recommended establishment of a functional linkage between the latter and the new agenda.

On coordination questions, the CPC generally commended a report by the Joint Inspection Unit (JIU) on coordination of policy and programming frameworks for more effective development cooperation.

**Resumed Session.** The Committee recommended General Assembly approval of two sections of the program budget that were not available in the regular session, but revealed polarized views on the sections affected by the Secretary General's reform proposals. The United States, supported by other like-minded delegations, stated its support for the reform proposals as a package and its view that the CPC should not attempt to "rewrite" the budget narratives, cutting across work currently under way in the General Assembly plenary. In the end, the CPC did not make any substantive recommendations to the General Assembly on those sections.

The function and work methods of the CPC (as well as the ACABQ, the Board of Auditors and the JIU) were reviewed in the Fifth Committee in the context of discussions on a draft resolution on "strengthening external oversight mechanisms." Provisions regarding the CPC included reaffirmation of its composition, role and function and a decision that the CPC should propose criteria for and make proposals on priorities among programs. Since several provisions in this package resolution proved to be controversial, and time was limited, action was deferred to the resumed session of the 52nd General Assembly.

## **Joint Inspection Unit**

The Joint Inspection Unit (JIU), an external oversight body accountable to member states, conducts inspections related to efficient and effective operations in the UN system. Eleven inspectors serve in their personal capacity as experts on the UN system. John D. Fox of the United States began a 5-year term of office January 1, 1996.

The JIU issued six reports in 1997: Strengthening Field Representation in the UN System; UN Publications: Enhancing Cost-Effectiveness in Implementing Legislative Mandates; Execution of Humanitarian Assistance Programs through Implementing Partners; Coordination at Headquarters and Field Level between UN Agencies Involved in Peacebuilding; The Challenge of Outsourcing; and Training Institutions in the UN System—Programs and Activities.

The JIU's annual reports for 1996 and 1997, its work programs for the next two biennia and the Secretary General's report on implementation of JIU recommendations were reviewed in the Fifth Committee. The United States commented positively on JIU's issuance of standards and guidelines for inspections but stressed that they must be applied systematically. The United States also suggested that the proposed compliance tracking system should focus only on reports with specific practical recommendations. The chairman of the JIU, in his appearance before the Fifth Committee, sought approval of an enhanced system for following up on JIU recommendations. At the same time, he stated that JIU's effectiveness as an oversight body can be improved only if member states elect better inspectors.

The function and work methods of the JIU—together with that of the ACABQ, Board of Auditors and CPC—were considered in the Fifth Committee in the context of discussion of a draft resolution on “strengthening of external oversight bodies.” Provisions for the JIU included reaffirming its role and shortening the term of office of inspectors to 4 years. Since several provisions of this resolution proved to be controversial and time was limited, the Committee deferred action to the resumed session of the 52nd General Assembly.

## **International Civil Service Commission**

The International Civil Service Commission (ICSC), a 15-member body of recognized experts, is responsible for making recommendations on salaries, allowances, benefits and other conditions of service for employees of the United Nations and its specialized agencies. Lucretia Myers, Senior Advisor, Retirement and Insurance Service, at the Office of Personnel Management, continued to be the U.S. member in 1997 and was reelected for the 4-year term beginning January 1, 1998. The Commission met in Paris and New York for its 45th and 46th sessions, respectively. The Fifth Committee considered the ICSC’s annual report in November and December.

At the ICSC sessions, the Commissioners discussed, debated, took decisions and developed recommendations regarding a wide variety of topics. Based on these recommendations, the General Assembly took the following key actions:

- Reconfirmed the continued use of the Noblemaire principle (use of the highest-paid civil service) for establishing salary levels for professional staff;
- Requested that the Commission continue monitoring the need to change comparator civil services;
- Approved, for professional staff, a 3.1 percent increase in the base/floor salary scale by consolidating post adjustment into base on a “no gain-no loss” basis (i.e., with a commensurate reduction in post adjustment), effective March 1, 1998;
- Requested that the ICSC finish its review of the post adjustment system for Geneva;
- Endorsed modifications made by the ICSC to the methodology for surveying conditions of employment for general services staff;
- Endorsed decisions by the Commission on determining both the non-pensionable component of salaries and the dependent children’s allowance for general services staff;
- Endorsed modifications to the methodology for determining the level of the education grant decided on by the ICSC;



- Invited executive heads of UN system organizations to develop performance management programs consistent with the Commission's guidelines;
- Invited the ICSC to continue its review of travel entitlements of staff; and
- Requested that the ICSC submit a report on the possibility of providing an allowance to personnel who leave families behind while on mission assignment.

The General Assembly adopted resolution 52/216 on the report of the International Civil Service Commission without a vote.

## **Human Resources Management**

Under human resources management, the Fifth Committee considered a very wide variety of issues at the resumed session of the 51st General Assembly and at the regular session of the 52nd General Assembly.

At the resumed session of the 51st General Assembly, the Fifth Committee adopted an omnibus resolution that included the following key actions:

- Urged the Secretary General to pursue, as soon as possible, full implementation of his strategy for the management of human resources;
- Requested that the Secretary General take a variety of steps needed to establish responsibility and accountability of managers for the proper use of human resources, to ensure that procedures to monitor and control such accountability exist before certain authority is delegated, and to ensure that sanctions can be imposed if warranted;
- Requested that the Secretary General expedite actions to simplify and streamline personnel rules and procedures;
- Requested that the Secretary General ensure that the recruitment process helps ensure equitable representation of member states at senior levels and that the recruitment process is enhanced by, *inter alia*, restricting the use of temporary appointments, and implementing changes in placement procedures through national competitive examinations;
- Urged the Secretary General to implement fully and to monitor the strategic plan of action for the improvement of the status of women in the Secretariat;
- Requested that the Secretary General take actions to allow the mandate of the Focal Point for Women to be fulfilled, to continue his work on creating a gender-sensitive work place and to develop a family leave program;

#### *United States Participation in the United Nations*

- Requested that the Secretary General lower to 70 percent the number of permanent appointments in geographical posts;
- Requested that the Secretary General ensure that consultants are selected on a more competitive basis, limiting recourse to sole candidates to a minimum and to prepare policy guidelines on the employment of consultants;
- Requested that the Secretary General put priority on instituting a career development policy; and
- Decided to preclude certain staff appointed for less than 1 year from being appointed to their current posts within 6 months of the end of their current service.

The General Assembly adopted resolution 51/226 on human resources management without a vote.

At the 52nd General Assembly, the Fifth Committee adopted an omnibus resolution with the following key actions:

- Approved the Secretary General's family leave plan proposal;
- Encouraged the Secretary General to continue to improve the performance appraisal system, and approved his plan for implementing a performance award system; and
- Decided that the restrictions on certain staff from applying for their own positions within 6 months of the end of their current service, which was approved in resolution 51/226, would apply on a prospective basis only.

The General Assembly adopted resolution 52/219 on human resources management without a vote.

### **Employment of Americans**

The Department of State assists qualified U.S. citizens in competing for professional positions in the United Nations and other international organizations. The Department's UN Employment Information and Assistance Unit, along with numerous Executive Branch agencies, assists these organizations by disseminating international vacancy information to Americans across the country. In a typical year, the Department provides direct assistance to hundreds of Americans and general information about employment opportunities in international organizations to thousands of others. U.S. Missions to the United Nations and other international organizations in New York, Geneva, Montreal, Nairobi, Paris, Rome and Vienna, as well as some embassies, also provide direct support for this function through regular contacts with agency officials.

The following chart shows the total number of Americans in professional and senior positions in all UN agencies<sup>1</sup> as of December 31, 1997.

Professional and Senior Staff			
	Total	U.S. Number	U.S. Percent
UN Secretariat	5,041	647	12.8
UN Subsidiary Bodies	6,878	621	9.0
UN Specialized Agencies and IAEA	7,003	635	9.1

The UN Secretariat and some of the specialized agencies have established a system of “desirable ranges” to estimate member states’ geographic representation. The following chart lists those UN agencies which have such ranges, and the number and status of Americans on board as of December 1997. (These figures represent only that portion of the agencies’ total professional posts funded from the assessed budgets and “subject to geographic distribution.”)

UN Agency	Total Posts	U.S. Desirable Range or Quota	Americans on Board		Current Status
		Range	Number	Percent	
UN <sup>a</sup>	2,407	326-441	368	15.3	In range
FAO	913	171-228	107	11.7	Underrepresented
ICAO	207	27	13	6.3	Underrepresented
ILO	608	94-126	73	12.0	Underrepresented
WHO	1,029	174-237	142	13.8	Underrepresented

a. Secretariat

During 1997 the failure of the United States and other member states to meet their financial obligations to the UN Secretariat, its subsidiary agencies and the specialized agencies along with pressures for reform has noticeably affected the staffing decisions of these organizations. The UN

1. Excluding peacekeeping missions.

Secretariat limited hiring throughout much of the year, and many of the other agencies cut back significantly on their external hires or initiated staff cuts.

In 1997 Americans continued to hold the top position in the following UN agencies: UNICEF (Carol Bellamy, Executive Director); UNDP (Gus Speth, Administrator); UPU (Tom Leavey, Director General); WFP (Catherine Bertini, Executive Director); WIPO (Arpad Bogsch, Director General); and IOM (James Purcell, Director General).

Throughout the year, the U.S. Government continued to give special attention to recruiting qualified women for UN positions and encouraged UN agencies to hire and promote more women. At this time, American women represent 49 percent of all Americans in professional and senior positions in the UN Secretariat, and 34 percent of Americans in all UN agencies.

In addition to helping recruit for permanent, career positions throughout the UN system, the Department of State provided candidates for UN peacekeeping and other special operations.

The United States has a long-standing policy of lending professional staff to international organizations either by detail (in which the employee remains on the U.S. payroll but serves at the international organization) or by direct transfer (in which the employee is paid by the organization but retains reemployment rights with the U.S. agency). These arrangements usually last fewer than 5 years but may last as long as 8 years if it is considered to be in the national interest. The United States also continues to support a limited number of Junior Professional Officer positions at UNHCR and FAO.